

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

RECEIVED
DEC 03 2004
PUBLIC SERVICE
COMMISSION
(606) 886-2314

Estill B. Branham
President

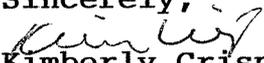
December 2, 2004

Beth O'Donnell
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

Case 2004-00487

Dear Ms. O'Donnell:

Enclosed is a revised Gas Cost Recovery for Jan 2005 thru March 2005.
If you have any questions, please call at the above number.

Sincerely,

Kimberly Crisp

Overseas Road Gas

QUARTERLY REPORT OF GAS COST
RECOVERY RATE CALCULATION

Date Filed:

December 2, 2004

Date Rates to be Effective:

January 1, 2005

Reporting Period is Calendar Quarter Ended:

September 30, 2004

SCHEDULE I
GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGC)	\$/Mcf	10.4938
+ Refund Adjustment (RA)	\$/Mcf	(.1277)
+ Actual Adjustment (AA)	\$/Mcf	.1882
+ Balance Adjustment (BA)	\$/Mcf	
<u>= Gas Cost Recovery Rate (GCR)</u>	\$/Mcf	<u>10.5543</u>

GCR to be effective for service rendered from January to March.

<u>A.</u>	<u>EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Total Expected Gas Cost (Schedule II)	\$	1090792
	+ Sales for the 12 months ended <u>September 30, 2004</u>	Mcf	103946
	<u>= Expected Gas Cost (EGC)</u>	\$/Mcf	<u>10.4938</u>
<u>B.</u>	<u>REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Supplier Refund Adjustment for Reporting Period (Sch. III)	\$/Mcf	
	+ Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	+ Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	
	<u>= Refund Adjustment (RA)</u>	\$/Mcf	
<u>C.</u>	<u>ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Actual Adjustment for the Reporting Period (Schedule IV)	\$/Mcf	(.0642)
	+ Previous Quarter Reported Actual Adjustment	\$/Mcf	(.2620)
	+ Second Previous Quarter Reported Actual Adjustment	\$/Mcf	.3878
	+ Third Previous Quarter Reported Actual Adjustment	\$/Mcf	(.1893)
	<u>= Actual Adjustment (AA)</u>	\$/Mcf	<u>(.1277)</u>
<u>D.</u>	<u>BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
	Balance Adjustment for the Reporting Period (Schedule V)	\$/Mcf	.1061
	+ Previous Quarter Reported Balance Adjustment	\$/Mcf	(.104)
	+ Second Previous Quarter Reported Balance Adjustment	\$/Mcf	.1064
	+ Third Previous Quarter Reported Balance Adjustment	\$/Mcf	.1248
	<u>= Balance Adjustment (BA)</u>	\$/Mcf	<u>.1882</u>

SCHEDULE II
EXPECTED GAS COST

Actual* Mcf Purchases for 12 months ended September 30, 2004

(1) <u>Supplier</u>	(2) <u>Dth</u>	(3) Btu <u>Conversion Factor</u>	(4) <u>Mcf</u>	(5)** <u>Rate</u>	(6) <u>(4)x(5) Cost</u>
Constellation Energy			33881	12.0688	408903
Oil-Kaas Drilling			4066	3.10	12605
Equitable Resources			7482	13.0520	97655
CBS/Gwans			19220	2.9768	57214
Columbia NR			41010	12.5436	514413
Totals			<u>105659</u>		<u>1090790</u>

Line loss for 12 months ended Sept 30, 2004 is 1.6 % based on purchases of 105659 Mcf and sales of 103946 Mcf.

	<u>Unit</u>	<u>Amount</u>
Total Expected Cost of Purchases (6)	\$	1090790
+ <u>Mcf Purchases (4)</u>	Mcf	105659
= Average Expected Cost Per Mcf Purchased	\$/Mcf	10.3237
x <u>Allowable Mcf purchases (must not exceed Mcf sales + .95)</u>	Mcf	105659
= Total Expected Gas Cost (to Schedule IA.)	\$	1090792

*Or adjusted pursuant to Gas Cost Adjustment Clause and explained herein.

**Supplier's tariff sheets or notices are attached.

SCHEDULE IV
ACTUAL ADJUSTMENT

For the 3 month period ended September

<u>Particulars</u>	<u>Unit</u>	Month 1 <u>(July)</u>	Month 2 <u>(Aug)</u>	Month 3 <u>(Sept)</u>
Total Supply Volumes Purchased	Mcf	4394	4519	4066
Total Cost of Volumes Purchased	\$	23623	25664	29789
+ Total Sales (may not be less than 95% of supply volumes)	Mcf	4174	4293	4199
= Unit Cost of Gas	\$/Mcf	5.6596	5.9781	7.0931
- EGC in effect for month	\$/Mcf	6.7997	6.7997	6.7997
= Difference [(Over-)/Under-Recovery]	\$/Mcf	(1.1401)	(.8216)	.2934
x Actual sales during month	Mcf	3944	4144	4199
= Monthly cost difference	\$	(4497)	(3405)	1232

	<u>Unit</u>	<u>Amount</u>
Total cost difference (Month 1 + Month 2 + Month 3)	\$	(6670)
÷ Sales for 12 months ended <u>Sept 30, 2004</u>	Mcf	103946
= Actual Adjustment for the Reporting Period (to Schedule IC.)	\$/Mcf	(.0642)

SCHEDULE V
BALANCE ADJUSTMENT

For the 3 month period ended September 30, 2004

<u>Particulars</u>	<u>Unit</u>	<u>Amount</u>
(1) Total Cost Difference used to compute AA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	(72478)
Less: Dollar amount resulting from the AA of <u>(7578)</u> \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of <u>103946</u> Mcf during the 12-month period the AA was in effect.	\$	(78770)
Equals: Balance Adjustment for the AA.	\$	<u>6292</u>
(2) Total Supplier Refund Adjustment including interest used to compute RA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the RA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the RA was in effect.	\$	
Equals: Balance Adjustment for the RA.	\$	<u> </u>
(3) Total Balance Adjustment used to compute BA of the GCR effective four quarters prior to the effective date of the currently effective GCR.	\$	
Less: Dollar amount resulting from the BA of _____ \$/Mcf as used to compute the GCR in effect four quarters prior to the effective date of the currently effective GCR times the sales of _____ Mcf during the 12-month period the BA was in effect.	\$	
Equals: Balance Adjustment for the BA.	\$	<u> </u>
 Total Balance Adjustment Amount (1) + (2) + (3)	 \$	 <u>6292</u>
+ Sales for 12 months ended <u>Sept 30, 2004</u>	Mcf	<u>103946</u>
 = Balance Adjustment for the Reporting Period (to Schedule ID.)	 \$/Mcf	 <u>.1061</u>

Auxier Road Gas Company, Inc.

Box 785
Prestonsburg, Kentucky 41653

Estill B. Branham
President

(606) 886-2314

	<u>Base Rate</u>	<u>Gas Cost</u> <u>Rec</u>	<u>total</u>
First MCE (Minimum Bill)	5.11	10.5543	15.6643
all over first MCE	4.2599	10.5543	14.8142

COLUMBIA NATURAL RESOURCES, LLC
900 Pennsylvania Avenue
P. O. Box 6070
Charleston, West Virginia 25362-0070

DATE: **NOVEMBER 29, 2004**
BUS. PERIOD:

CLIENT NO.: 089985-01
CONTRACT NO.: SSE003
INVOICE NUMBER: SSE0030404
VOUCHER NUMBER: 00404579

NAME: Auxier Road Gas Company Inc.
ADDRESS: P.O. Box 785

CITY: Prestonburg, KY 41653
ATTN: Estill Branham

ESTIMATED GAS COST

2005 JANUARY	-- \$10.2423 DTH	-- VOLUME 15,258 DTH	Conversion Factor
2005 FEBRUARY	\$10.2782 DTH	-- VOLUME 11,543 DTH	= 1.229 = \$12.5878 MCF
2005 MARCH	-- \$10.0986 DTH	-- VOLUME 4,005 DTH	= 1.229 = \$12.6319 MCF
			= 1.229 = \$12.4111 MCF
			Average \$12.5436 MCF

937016

Make Check Payable To:

Columbia Natural Resources, Inc.

Please Remit Check To:

P.O. Box 1073
Charleston, WV 25324

Please Return One Copy Of This Invoice With Your Remittance

Constellation NewEnergy - Gas Division

Fossil Branch
606.883.2314
606.889.0166

9980 Corporate Campus Dr. Suite 2000, Louisville, KY 40223
Phone: (502) 428-4500 Fax: (502) 428-8900

AUXIER ROAD GAS COMPANY Estimated Citygate Prices if Bought Monthly

Month	(A) NYMEX 11/24/04	(B) Basis	(C) TCO Fuel	(D) TCO Transportation	(E) Auxier Road Gas Citygate (\$/Dth) (A+B)/(C+D)	(F) Estimated Consumption Dth <small>(Used 2004 Consumption)</small>	(G) Total Cost Monthly (E*F)
Jan-05	\$8.6390	\$0.6900	0.97435	\$0.2900	\$9.8646	11,841	\$116,806.59
Feb-05	\$8.7090	\$0.6900	0.97435	\$0.2900	\$9.9364	5,157	\$51,242.17
Mar-05	\$8.3590	\$0.6900	0.97435	\$0.2900	\$9.5772	4,598	\$44,036.04
						21,596	\$212,084.81

WACOG = \$9.82 DTH

Conversion Factor $\frac{1.229 \text{ BTU Factor}}{\$12.0688 \text{ MCF}}$

EQUITABLE ENERGY LLC

110 Allegheny Center Mall
Pittsburgh, PA 15212-5331

November 24, 2004

Auxier Road Gas Company
Attention: Estill Branham
Post Office Box 785
Prestonburg, KY 41653

Mr. Branham,

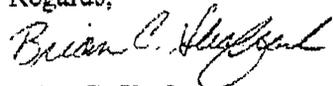
Equitable welcomes the opportunity to continue to fulfill all of your needs regarding natural gas supplies. For the time period of January to March 2004 the price is \$10.62/DTH. This price is for indication purpose only due to constant fluctuation of the NYMEX. Your purchased volumes are as follows:

January	11,105/dth/month	Conversion factor	-\$10.62 DTH
February	8,612/dth/month		<u>1.229</u> BTU Factor
March	6,060/dth/month		\$13.0520 MCF

Any usage above or below these volumes will be charged at current market prices.

If you have any questions, please call me at 412-395-2627. Thank you again.

Regards,



Brian C. Shafranek
Manager of Origination

Auxier Road Gas Co., Inc.
P. O. Box 785
Prestonsburg, Kentucky 41653

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PUBLIC SERVICE
COMMISSION

MS. BETH O'DONNELL
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
PO BOX 615
FRANKFORT, KY 40602

RE: REVISED GAS COST REC